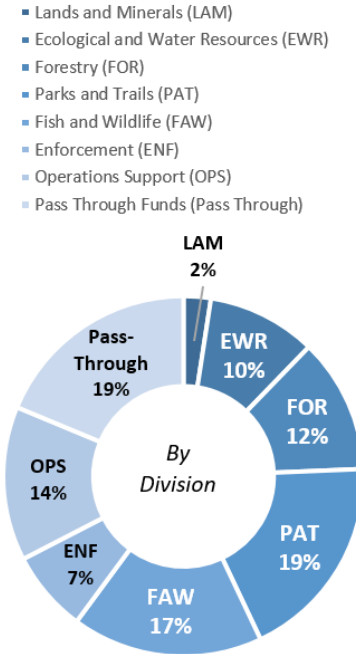


Department of Natural Resources Budget Overview FY 2018-19

Expenditures by Division

Our mission is to conserve and manage natural resources, provide outdoor recreation opportunities and provide for commercial uses of resources that creates a sustainable quality of life.

Every dollar in our budget contributes to this mission. Our biennial budget is \$1.1 billion, which comes from a mixture of dedicated and direct appropriations. Spending is divided across our seven divisions and dollars that are passed through to non-state entities. Our largest division is Parks and Trails, which accounts for 19% of our total spending, while Lands and Minerals, our smallest division, constitutes 2%. Our budget includes roughly \$211 million of internal billing—85% from our Operation Support division.



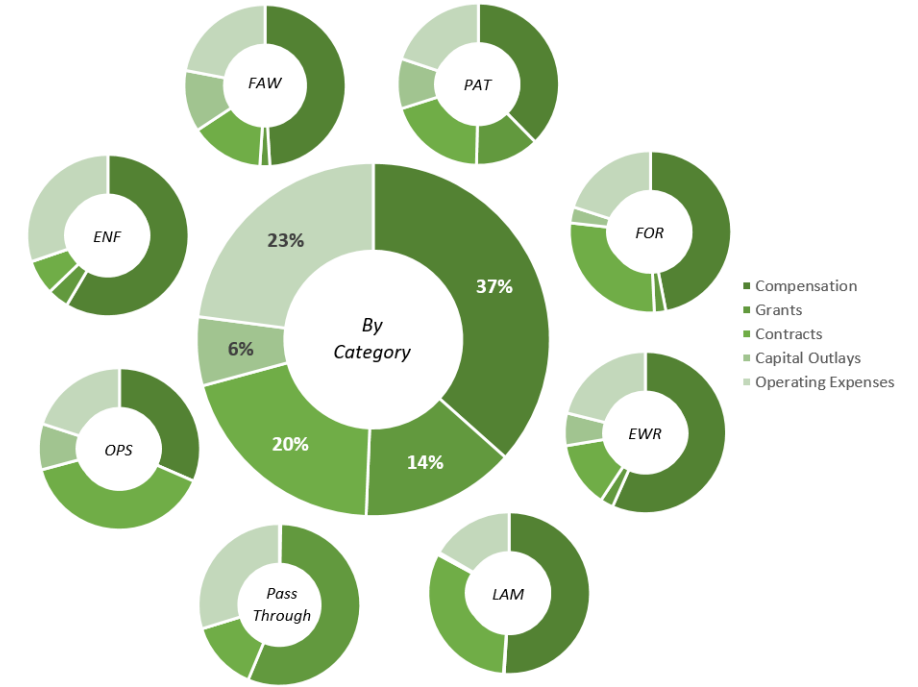
Expenditures by Spending Category

The largest portion of our budget is spent on compensation. We employed 4,300 people across the state over the course of FY 2018. These employees worked over 5.5 million hours, which translates into over 2,700 full time equivalents (FTEs).

| Program | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| LAM | 103 | 91 | 94 | 92 | 88 | 89 | 82 | 83 |
| EWR | 328 | 318 | 371 | 393 | 406 | 414 | 413 | 409 |
| FOR | 450 | 459 | 470 | 423 | 451 | 463 | 462 | 467 |
| PAT | 608 | 552 | 604 | 587 | 579 | 571 | 560 | 571 |
| FAW | 578 | 549 | 585 | 602 | 617 | 629 | 615 | 584 |
| ENF | 240 | 247 | 249 | 237 | 240 | 243 | 238 | 233 |
| OPS | 280 | 281 | 349 | 358 | 367 | 365 | 291 | 290 |
| Total | 2,618 | 2,520 | 2,745 | 2,715 | 2,766 | 2,794 | 2,661 | 2,637 |

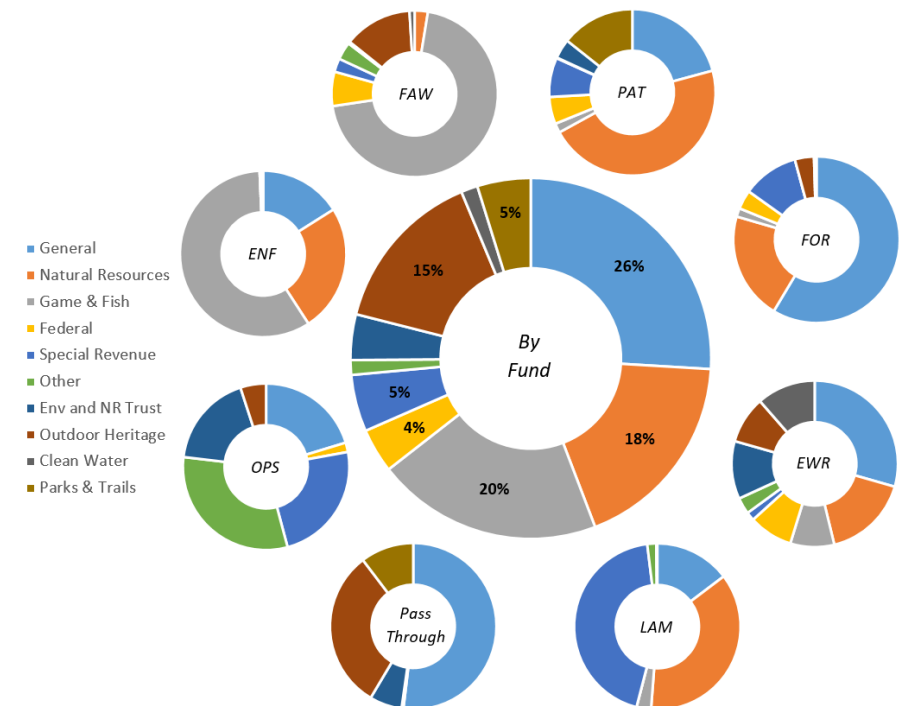
Our next largest spending categories are operating expenses and contracts. Examples of operating expenses include supplies, equipment, rent, vehicles, and mileage. We contract for services when we need skills or services we do not provide or when our internal staffing is insufficient.

Additionally, we send nearly \$189 million out the door to local governments and non-governmental organizations to help fulfill our mission. This accounts for 17% of our budget.



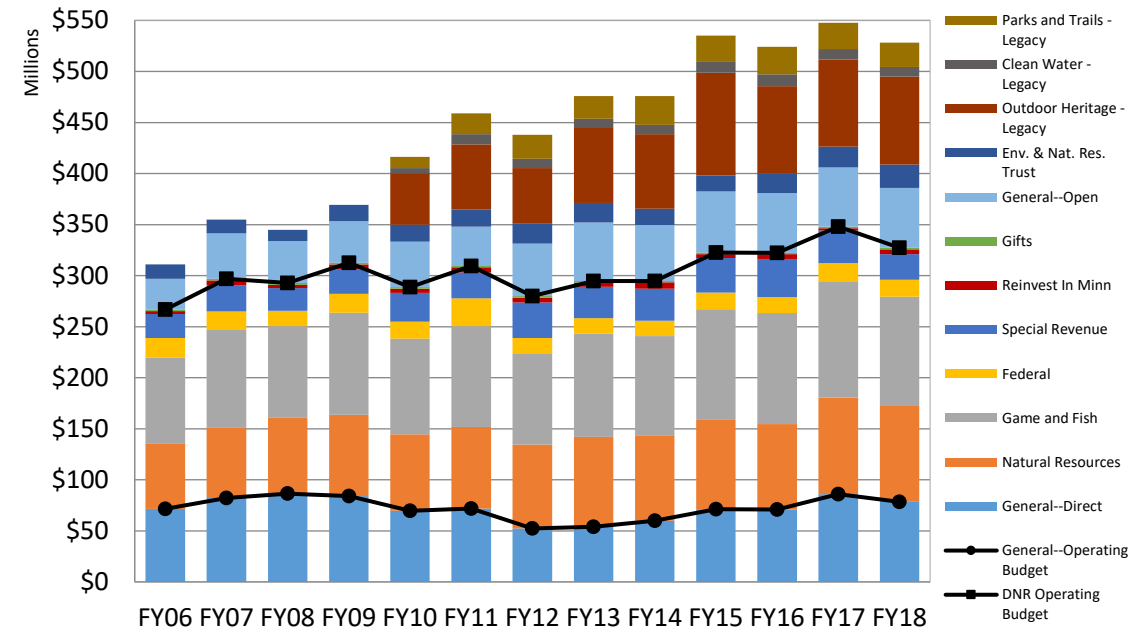
Expenditures by Fund

We manage our budget across 50 funds. About 64% of our budget comes from the General Fund, the Game and Fish Fund, and the Natural Resources Fund. About 25% of our FY2018-19 budget comes from one-time appropriations from Legacy funds and the Environment and Natural Resources Trust Fund.



Expenditures by Fund Since FY 2006

Our budget has changed over the past decade. Most notably, new revenues generated through the Clean Water, Land and Legacy Amendment has provided us the opportunity to focus on special projects outside of our regular base spending. The top line tracks our operating budget, which has seen a slight increase over time (averaging 2% annually). The bottom line shows our General Fund budget over the same period, which follows a similar trend.



Information by Fund

General Fund

Our General Fund budget is \$293.7 million for the 2018-19 Biennium. Fifty-eight percent of this are direct appropriations to fulfill our mission. The other 42% are "open" appropriations, which means they are available to us "as needed." We use these funds to manage forest fires and make payments to tribes and counties based on treaties and statute. This includes the Payment-in-Lieu of Taxes (PILT) payment we make to counties, which is \$37 million dollars each year.

Direct appropriations from the general fund play an important role in our budget because they are our most flexible funding source. They allow us to meet the needs in the field, including responding to emergencies and urgent, unexpected needs.

Find more fund-specific information on page 2

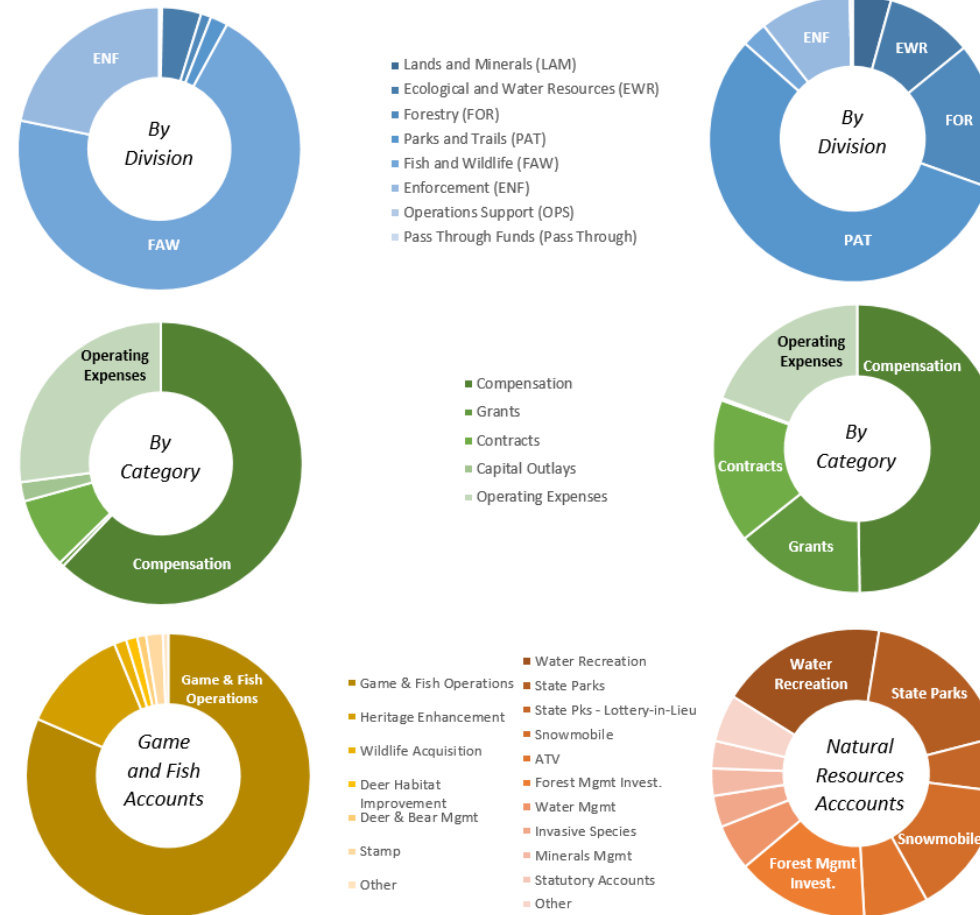


Department of Natural Resources Budget Overview FY 2018-19

Game and Fish Fund

The Game and Fish Fund (GFF) supports management, monitoring, and protection of fish and wildlife resources as well as the enforcement of game and fish laws. Our Fish and Wildlife Division accounts for 70% of our GFF expenditures, over half of which we spend on compensation. The fund is sourced by a variety of revenues that directly relate to the programs they support. Sales of hunting and fishing licenses contributed 42% of GFF total revenue in FY 2018, while federal dollars for hunting and fishing contribute 31%. A citizen oversight group plays an important role in ensuring these dollars are managed in the citizens' best interests. GFF spending is 20% of our total budget.

| | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Budgeted |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Hunting Licenses | \$ 20,736 | \$ 21,383 | \$ 21,674 | \$ 21,588 | \$ 23,901 |
| Fishing Licenses | 27,614 | 26,651 | 26,912 | 29,667 | 31,918 |
| Other Licenses | 14,136 | 13,934 | 14,057 | 14,348 | 14,682 |
| Robertson) | 15,717 | 19,506 | 21,623 | 25,269 | 17,750 |
| Federal Grant Fisheries (Dingell-Johnson) | 12,547 | 14,532 | 11,897 | 12,384 | 12,000 |
| Other Non-License Revenue | 15,933 | 17,052 | 16,244 | 17,443 | 16,271 |
| Total Revenue | \$ 106,683 | \$ 113,058 | \$ 112,406 | \$ 120,698 | \$ 116,521 |



Natural Resources Fund

The Natural Resources Fund (NR) supports the development and maintenance of Minnesota's natural resources and the enforcement of natural resource laws. Our Parks and Trails Division accounts for 56% of our NR fund spending, over half of which is spent on compensation. The two largest revenue sources include the state tax revenue and license and registration fees—together these contribute 38% of the fund's resources in FY 2018. NR expenditures make up 18% of our total budget.

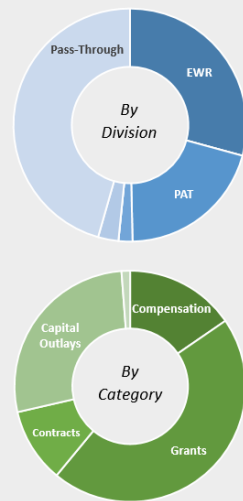
| | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Budgeted |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Tax Revenues (Lottery & Unrefunded Gasoline) | \$ 33,817 | \$ 35,421 | \$ 34,975 | \$ 36,031 | \$ 35,845 |
| State Park Fees | 14,872 | 16,998 | 17,117 | 19,301 | 17,776 |
| Timber and Iron Ore Related Revenues | 12,494 | 9,483 | 6,549 | 8,556 | 6,801 |
| Boat Registrations & Titling | 8,439 | 8,471 | 8,247 | 8,468 | 8,023 |
| Snowmobile Registrations & Trail Passes | 3,688 | 5,293 | 5,868 | 5,634 | 8,210 |
| ORV Registrations & Trail Passes | 4,727 | 4,853 | 4,742 | 6,433 | 5,495 |
| Water Use Fees | 5,261 | 5,037 | 5,049 | 5,288 | 5,135 |
| Other Revenue | 17,857 | 18,382 | 20,766 | 21,424 | 18,766 |
| Total Revenue | \$ 101,155 | \$ 103,938 | \$ 103,311 | \$ 111,133 | \$ 106,051 |

These funds are unique, because some of our spending authority comes from direct appropriations that are sourced by revenues we generate. When the direct appropriations exceed revenues, we manage to the receipts to ensure our funds stay healthy. This can limit our ability to maintain services at a base level and makes managing our budget difficult at times.

One-Time Appropriations

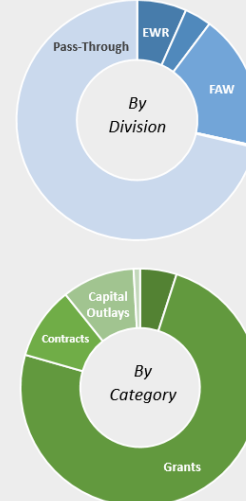
Environment and Natural Resources Trust

The purpose of these dollars is to conserve and enhance Minnesota's natural resources including air, water, fish, and wildlife. They are governed by the Legislative-Citizen Commission on Minnesota Resources (LCCMR), which makes funding recommendations to the Governor and the Legislature. We receive \$46.3 million from this fund in FY 2018-19, which accounts for 4% of our overall budget.



Outdoor Heritage

The purpose of these dollars is to restore, protect and enhance land and water for fish, game and wildlife. They are governed by the Lessard-Sams Outdoor Heritage Council (LSOHC), which makes funding recommendations to the Legislature. We receive \$167.2 million from this fund in FY 2018-19, which accounts for 70% of our legacy funds and 15% of our overall budget.



Clean Water

We use these dollars to protect, enhance, and restore water quality in bodies of water and groundwater. The Clean Water Council makes funding recommendations to the Governor along with an interagency team of state agencies. We receive \$16.9 million from this fund for FY 2018-19, which accounts for 7% of our legacy funds and 1% of our overall budget.



Parks and Trails

We use these legacy dollars to support parks and trails of regional or statewide significance. Our Parks and Trails Division spends roughly two-thirds of these dollars while the rest are grants to non-state entities. We receive \$54.3 million from this fund, which accounts for 23% of our legacy funds and 5% of our overall budget.

